

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

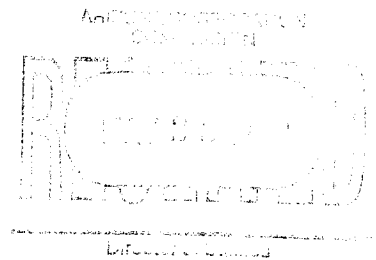


W-02230A
Mustang Water Company
P.O. Box 2903
Sierra Vista AZ 856350000

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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*Entered
5/22/03
C.M.*

FOR COMMISSION USE

ANNOY	02
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OK

COMPANY INFORMATION

Company Name (Business Name) <u>Mustang Water Co.</u>		
Mailing Address <u>P.O. BOX 2903</u>		
<u>Sierra Vista</u> (City)	<u>AZ</u> (State)	<u>85636-2903</u> (Zip)
<u>(520) 378-3349</u> Telephone No. (Include Area Code)	<u>(520) 378-6549</u> Fax No. (Include Area Code)	<u>(520) 940-3513</u> Pager/Cell No. (Include Area Code)
Email Address <u>WBBS@C2i2.com</u>		
Local Office Mailing Address <u>SAA</u>		
<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u>SAA</u>		
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>SAA</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Johnny A. McLain</u>			
<u></u> (Name)		<u></u> (Title)	
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u>Same as above</u>			
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			
On Site Manager: <u>Johnny A. McLain</u>			
<u></u> (Name)		<u></u>	
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u>SAME</u>			
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

Statutory Agent: Mustang Water Co.
(Name)

PO Box 2903 Sierra Vista Az 85636-2903
(Street) (City) (State) (Zip)

(520) 378-3349 (520) 378-6549 (520) 940-3513
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: N/A
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|--|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Mustang Water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	400	0	0
302	Franchises	2900	0	0
303	Land and Land Rights	5000	5000	0
304	Structures and Improvements	10249	3571	6678
307	Wells and Springs	13703	9162	4541
311	Pumping Equipment ^{ADD 5 HP 3 PH Pump 5000}	37080	17545	19535
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	7859	3397	4462
331	Transmission and Distribution Mains	35993	21449	14544
333	Services $150 \times 5 = 750$	5800	3986	1814
334	Meters and Meter Installations ^{160 X 5 = 750}	6250	3372	2878
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	1160	706	454
340	Office Furniture and Equipment	1124	722	402
341	Transportation Equipment	8386	3734	4652
343	Tools, Shop and Garage Equipment	1050	679	371
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	600	280	320
346	Communication Equipment	1416	594	822
347	Miscellaneous Equipment	325	241	84
348	Other Tangible Plant	0	0	0
	TOTALS	139095	74438	64657

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Mustang Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	400	0	0
302	Franchises	2900	0	0
303	Land and Land Rights	5000	5%	0
304	Structures and Improvements	10249		513
307	Wells and Springs	13703		685
311	Pumping Equipment ^{New} 5000 3000 Pump	37080		1854
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	7859		393
331	Transmission and Distribution Mains	35993		1800
333	Services	5600		280
334	Meters and Meter Installations	6850		313
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	1160		58
340	Office Furniture and Equipment	1124		56
341	Transportation Equipment	8386		419
343	Tools, Shop and Garage Equipment	1050		53
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	600		30
346	Communication Equipment	1416		71
347	Miscellaneous Equipment	325		16
348	Other Tangible Plant	0	0	0
	TOTALS	103102		6541

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME Mustang Water Co.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 145	\$ 275
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	1105	995
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	0
174	Miscellaneous Current and Accrued Assets	0	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1250	\$ 1270
	FIXED ASSETS		
101	Utility Plant in Service	\$ 132595	\$ 139095
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	63972	74438
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	\$ 68623	\$ 64659
	TOTAL ASSETS	\$ 69873	\$ 65927

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Mustang Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 4670	\$ 1200
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	3195	3245
236	Accrued Taxes	est 52500 (Not Paid) 55000	
237	Accrued Interest	0	0
241	Miscellaneous Current and Accrued Liabilities	0	21228
	TOTAL CURRENT LIABILITIES	\$ 60365	\$ 80673
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	0	0
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$ 0	\$ 0
	TOTAL LIABILITIES	\$ 60365	\$ 80673
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 0	\$ 0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	0	0
218	Proprietary Capital (Sole Props and Partnerships)	(13435)	(14746)
	TOTAL CAPITAL	(\$ 13435)	(\$ 14746)
	TOTAL LIABILITIES AND CAPITAL	\$ 73800	\$ 65927

COMPANY NAME Mustang Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIGR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 20820	\$ 21862
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	0	0
	TOTAL REVENUES	\$ 20820	\$ 21862
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 579	\$ 510
610	Purchased Water	0	0
615	Purchased Power	2880	2899
618	Chemicals	300	300
620	Repairs and Maintenance	1075	1030
621	Office Supplies and Expense	(see 360)	(see 360)
630	Outside Services	7500	7500
635	Water Testing	1500	1500
641	Rents	1714	1714
650	Transportation Expenses	1200	1200
657	Insurance – General Liability	3400	3400
659	Insurance - Health and Life	1500	1500
666	Regulatory Commission Expense – Rate Case	0	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense	6631	6541
408	Taxes Other Than Income	0	0
408.11	Property Taxes	est. 11700 (not paid)	16000
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 39979	\$ 44094
	OPERATING INCOME/(LOSS)	\$ (19159)	\$ (22232)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	0	0
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ (19159)	\$ (22232)

COMPANY NAME Mustang Water Co.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 3,245

Meter Deposits Refunded During the Test Year \$ 100 - INT (24.0)

COMPANY NAME

Mustang Water Co.

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	25	300	450	8"	3"	
ADWR 11111111	5	90	450	8"		
	3	50	300	6"	2"	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Crystal Water Co.	50	n/a

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
n/a			n/a

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
		7000	1
n/a			

COMPANY NAME

Mustang Water Co.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	19140
3	AR	215
4	AC	5320
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	60
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NA

STRUCTURES:

NA

OTHER:

TWO WELLS ONE ON LINE, ONE
PRESSURE TANK, MISC.

COMPANY NAME:

Mustang Water Co.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	52	237230	237830
FEBRUARY	53	270470	270470
MARCH	55	348380	348380
APRIL	54	301200	302200
MAY	58	648570	648660
JUNE	58	572570	572570
JULY	58	663970	663970
AUGUST	59	547200	547200
SEPTEMBER	58	395240	396240
OCTOBER	59	428020	428020
NOVEMBER	59	346560	346560
DECEMBER	59	290080	292080
TOTAL		N/A	

5049498 cm

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

☒ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 1.001 / 1.005 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Mustang Water Co. YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ _____

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. I HAVE NO INCOME

COMPANY NAME Mustang Water Co.

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 22232
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 22232
Estimated or Actual State Tax Liability 0

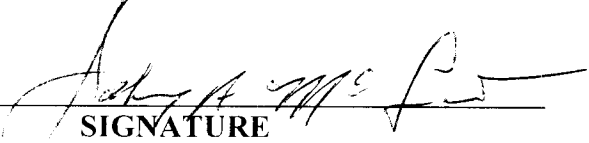
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

 12-31-02
SIGNATURE DATE

HARRY A McLEAN Owner
PRINTED NAME TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE <u>James A. McLean</u>
COMPANY NAME <u>MUSTANG WATER CO</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 21862

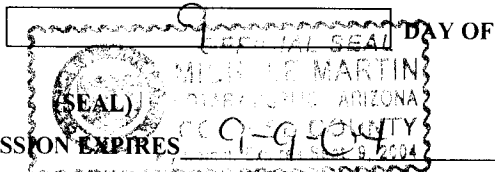
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1192
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



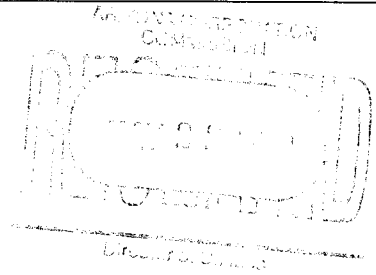
MY COMMISSION EXPIRES

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

COUNTY NAME <u>Cochise</u>	
MONTH <u>May</u>	2003
SIGNATURE OF NOTARY PUBLIC <u>Millicent Martin</u>	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

NAME (OWNER OR OFFICIAL) <u>Johnny A. McHain</u>		TITLE <u>Sole proprietor</u>
COMPANY NAME <u>Mustang Water Co.</u>		

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>21862</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1192
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 9 DAY OF**

(SEAL)
MY COMMISSION EXPIRES 9-2-04

NOTARY PUBLIC NAME <u>Michele Martin</u>	
COUNTY NAME <u>Cochise</u>	
MONTH <u>May</u>	20 <u>03</u>

X
SIGNATURE OF NOTARY PUBLIC